

AMENDED IN ASSEMBLY APRIL 7, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 1366

Introduced by Assembly Member Lieber

February 22, 2005

An act to ~~amend Section 84040~~ of *add Section 84041* to the Education Code, relating to community colleges.

LEGISLATIVE COUNSEL'S DIGEST

AB 1366, as amended, Lieber. Community colleges: fiscal accountability: *County Office Fiscal Crisis and Management Assistance Team*.

Existing law *establishes the California Community Colleges under the administration of the Board of Governors of the California Colleges*. Under existing law, community college districts throughout the state provide instruction at the campuses they operate and maintain. Existing law provides for an annual audit of each community college district, and requires the ~~Board of Governors of the California Community Colleges~~ board of governors to establish standards and procedures to encourage sound fiscal management practices by community college districts.

Existing law establishes the County Office Fiscal Crisis and Management Assistance Team (FCMAT), which consists of persons having extensive experience in school district budgeting, accounting, data processing, telecommunications, risk management, food services, pupil transportation, purchasing and warehousing, facilities maintenance and operation, and personnel administration, organization, and staffing. Among other duties, FCMAT provides fiscal management assistance at the request of any school district or county office of education.

~~This bill would make a technical, nonsubstantive change to these provisions~~ authorize the board of governors to assign the FCMAT to assist a community college district to establish or maintain sound financial and budgetary conditions and to comply with principles of sound fiscal management. The bill would specify the conditions under which the board of governors would be authorized to assign the FCMAT to assist a community college district under the bill.

The bill would require that any activities undertaken by the FCMAT pursuant to this bill would be paid by the district to which the FCMAT was assigned. The bill would require the FCMAT to submit a progress report to the affected district, to the board of governors, and to the Chancellor of the California Community Colleges at least every 6 months, or more frequently if that is required by the chancellor.

In the event that an assignment is made under this bill for the purpose of providing management or fiscal crisis intervention, or both, for a community college district where a crisis presents an imminent threat to the fiscal integrity and security of that district, the bill would require the chancellor to submit a report, including specified data, to the board of governors.

The bill would authorize community college districts to request the FCMAT to provide specified services, at that district's expense, irrespective of whether the board of governors has assigned the FCMAT to assist the district in that instance.

The bill would require the board of governors to develop and adopt any regulations that are necessary for the implementation of the bill.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 84040 of the Education Code is~~
 2 ~~amended to read:~~
 3 SECTION 1. Section 84041 is added to the Education Code,
 4 to read:
 5 84041. (a) The board of governors may assign the County
 6 Office Fiscal Crisis and Management Assistance Team (FCMAT)
 7 established pursuant to Section 42127.8 to assist a community
 8 college district to establish or maintain sound financial and
 9 budgetary conditions and to comply with principles of sound
 10 fiscal management.

1 ***(b) The board of governors may appoint additional persons***
2 ***with expertise in community college fiscal accountability to serve***
3 ***as part of an FCMAT operation for the purposes of this section.***

4 ***(c) The board of governors may assign FCMAT to assist a***
5 ***community college district as follows:***

6 ***(1) Whenever regulations adopted by the board of governors***
7 ***authorize contracting for a management review of the district***
8 ***and its educational programs or an audit of the financial***
9 ***conditions of the district.***

10 ***(2) To provide management or fiscal crisis intervention, or***
11 ***both, for a community college district where a crisis presents an***
12 ***imminent threat to the fiscal integrity and security of that district.***
13 ***In these cases, the FCMAT shall have the authority, subject to***
14 ***regulations adopted by the board of governors, to stay or rescind***
15 ***any action of the district's governing board that is inconsistent***
16 ***with the district's fiscal integrity and security.***

17 ***(d) The FCMAT shall submit a progress report to the affected***
18 ***district, to the board of governors, and to the chancellor at least***
19 ***every six months, or more frequently if that is required by the***
20 ***chancellor.***

21 ***(e) The cost of any FCMAT activities described in subdivision***
22 ***(c) shall be paid by the district to which the FCMAT is assigned.***

23 ***(f) If the board of governors assigns the FCMAT pursuant to***
24 ***paragraph (2) of subdivision (c), the chancellor shall provide the***
25 ***board of governors with a report that includes all of the***
26 ***following:***

27 ***(1) An assessment of which events or activities led to the***
28 ***crisis.***

29 ***(2) An action plan for addressing the deficiencies of the***
30 ***district.***

31 ***(3) A process for assessing district progress in correcting***
32 ***deficiencies.***

33 ***(4) Benchmarks that indicate the presence of local capacity to***
34 ***manage the fiscal responsibilities of the district.***

35 ***(g) Irrespective of whether the FCMAT has been assigned by***
36 ***the board of governors to assist a district under this section, a***
37 ***district may request the FCMAT to do either or both of the***
38 ***following at district expense:***

39 ***(1) Provide fiscal management assistance.***

(2) Facilitate training for members of the district governing board and for any district employees whose responsibilities include addressing fiscal issues. Training services shall emphasize efforts to improve fiscal accountability and to expand the fiscal competency of the trainees.

(h) The board of governors shall develop and adopt any regulations that are necessary for the implementation of this section.

~~84040. (a) It is the intent of the Legislature to encourage sound fiscal management practices among community college districts for the most efficient and effective use of public funds for the education of community college students by strengthening fiscal accountability at the district and state levels.~~

~~(b) The governing board of each community college district shall provide for an annual audit of all funds, books, and accounts of the district in accordance with regulations of the board of governors. The audit shall be made by certified public accountants licensed by the California Board of Accountancy. If the governing board of a community college district fails to provide for an audit, the board of governors shall provide for an audit, and if the board of governors fails or is unable to make satisfactory arrangements for such an audit, the Department of Finance shall make arrangements for the audit. The cost of any audit described above shall be paid from district funds.~~

~~(c) The board of governors shall adopt criteria and standards for periodic assessment of the fiscal condition of community college districts, and these regulations regarding the review and improvement of district fiscal conditions as necessary to encourage sound fiscal management practices. In so doing:~~

~~(1) The governing board of a community college district, as required by regulations of the board of governors, shall periodically report information to the board of governors regarding the fiscal condition of the district.~~

~~(2) The board of governors, by regulation, shall develop standards for district maintenance of sound fiscal conditions. The regulations shall authorize a board comprehensive management review of any community college district which, after assessing itself or being assessed in accordance with board criteria and standards, is shown to be experiencing fiscal difficulty. On the basis of the findings of the management review, the board of~~

1 ~~governors may recommend appropriate changes in a district's~~
2 ~~management practices.~~

3 ~~(3) The board of governors, by regulation, shall develop~~
4 ~~appropriate procedures and actions for districts that fail to~~
5 ~~achieve fiscal stability or that fail to comply with the board of~~
6 ~~governors' recommendations. The procedures and remedies may~~
7 ~~include the appointment of a special trustee to manage the~~
8 ~~district. The board of governors shall be authorized to reduce or~~
9 ~~withhold apportionment to districts to pay for the cost of the~~
10 ~~special trustee, management review, or other extraordinary costs~~
11 ~~resulting from the district's fiscal difficulties and to ensure the~~
12 ~~stabilization of the district's financial condition.~~

13 ~~(4) The board of governors shall report to the chairs of the~~
14 ~~educational policy and fiscal committees of both houses of the~~
15 ~~Legislature, the Director of Finance, and the Governor any~~
16 ~~corrective action taken by the district and any action taken~~
17 ~~against the district pursuant to paragraph (3).~~